

Message Text

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PAGE 01 SAO PA 02417 180246Z
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E.O. 11652: N/A
TAGS: ECON, BR
SUBJECT: ECONOMIC TRENDS - SAO PAULO STATE GOVERNMENT RELEASES
GROWTH FIGURES FOR FIRST HALF 1978.

1. SUMMARY: SAO PAULO GOVERNMENT ESTIMATES AN 8.3 PERCENT GROWTH IN GDP FOR THE STATE DURING THE FIRST 6 MONTHS OF 1978. THE MAIN IMPETUS FOR THIS GROWTH CAME FROM SERVICES, WHICH INCREASED 9.4 PERCENT, AND INDUSTRY, WHICH GREW 8.6 PERCENT, THE AGRICULTURAL SECTOR, ON THE OTHER HAND, SUFFERED A RETRACTION OF 2.9 PERCENT.

2. ACCORDING TO A REPORT BY SAO PAULO STATE SECRETARY OF FINANCE RELEASED ON AUGUST 15, THE STATE'S ECONOMY (GDP) GREW 8.3 PERCENT IN REAL TERMS DURING THE FIRST SEMESTER OF 1978 COMPARED WITH THE FIRST SEMESTER OF 1977. SECTORAL BREAKDOWN FOLLOWS:

SECTORS & SUB-SECTORS	PERCENT GROWTH IN	
	PERCENT CONTRIBUTION TO GDP (1977)	1ST. SEMESTER 1978/77
AGRICULTURE	6	2.9

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 SAO PA 02417 180246Z

INDUSTRY	49	8.6
MANUFACTURING	85.5	9.1
CIVIL CONSTRUCTION	12	2.9
INDUSTRIAL SERVICES	3	18.0

SERVICES	45	9.4
COMMERCE	33.5	8.3
FINANCE	15.7	12
GOVERNMENT	10.3	10.5
OTHER	40.5	9.1

3. COMPARISON OF FIRST SEMESTER 1978 AND 1977 SALES FIGURES SHOWN IN THE FOLLOWING SECTORS: RUBBER PRODUCTS 19.8 PERCENT; TEXTILES 18.1 PERCENT; CLOTHING AND SHOES 17.1 PERCENT; ELECTRONIC HOUSEHOLD APPLIANCES (RADIOS, TC ETC.) 14.6 PERCENT; ELECTRIC HOUSEHOLD APPLIANCES 13.8 PERCENT; ELECTRIC AND TELECOMMUNICATIONS EQUIPMENT 12.0 PERCENT; AND, CHEMICALS 11.1 PERCENT.

4. THE REPORT ALSO COMMENTED ON FIRST SEMESTER PERFORMANCE IN SOME SPECIFIC SECTORS. ELECTRIC POWER CONSUMPTION ROSE 11.7 PERCENT. STEEL INGOT PRODUCTION GREW 13.6 PERCENT WHILE ROLLING MILL OUTPUT SURGED 25.7 PERCENT. PASSENGER CAR PRODUCTION INCREASED 13.1 PERCENT IN 1978 VERSUS A 6.9 PERCENT DECLINE IN THE FIRST SEMESTER OF 1977. TIRE PRODUCTION GREW 8.3 PERCENT; CEMENT PRODUCTION JUMPED 36.3 PERCENT AS NEW CAPACITY WENT ON STREAM BUT CONSUMPTION INCREASE ONLY 2.9 PERCENT. THE ACCUMULATED VALUE

UNCLASSIFIED

PAGE 03 SAO PA 02417 180246Z

(IN REAL TERMS) OF PROTESTED NOTES FILED IN THE CITY OF SAO PAULO DURING THE FIRST SEMESTER OF 1978 WAS 21 PERCENT LOWER THAN FOR THE CORRESPONDING PERIOD LAST YEAR. THE REPORT CITED THIS LAST FIGURE AS EVIDENCE OF AN IMPROVEMENT IN LIQUIDITY.

5. COMMENT: ALTHOUGH SAO PAULO'S ECONOMIC GROWTH SO FOR THIS YEAR REMAINS BELOW THE 10 PERCENT RATE AVERAGED SINCE 1968, IT IS STILL HIGHER THAN THE 5.5 PERCENT GROWTH REGISTERED IN 1977.

SAO PAULO'S CONTRIBUTION TO BRAZIL'S GNP HAS BEEN SLIPPING STEADILY FROM 35.6 IN 1969 TO ABOUT 30 PERCENT. THIS YEAR, HOWEVER, SHOULD SEE AT LEAST A TEMPORARY REVERSAL OF THIS TREND BECAUSE OVER A THIRD (IN TERMS OF GNP CONTRIBUTION) OF BRAZIL'S INDUSTRIAL AND SERVICES SECTORS REMAIN CONCENTRATED IN THE STATE OF SAO PAULO.

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